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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

THIS LEASE AGREEMENT is made this

and

## PAID UP OIL AND GAS LEASE (No Surface Use)

Carver

whose addresss is		as Lessor,
and DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas hereinabove named as Lessee, but all other provisions (including the completion of blank space)	75201, as Lessee. All printer	i portions of this lease were prepared by the party
In consideration of a cash bonus in hand paid and the covenants herein contains	ed, Lessor hereby grants, lea	ases and lets exclusively to Lessee the following
described land, hereinafter called leased premises:		
		_
. (49 ACRES OF LAND, MORE OR LESS, BEING LOT(S)	6	, BLOCK $\mathcal{Q}$
OUT OF THE Highland Park		TION, AN ADDITION TO THE CITY OF
TORT WORTH TO TARRANT COUNTY, TI		O THAT CERTAIN PLAT RECORDED
		F TARRANT COUNTY, TEXAS.
11 VOLUME	IE I B II I I I I I I I I I I I I I I I	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
in the County of Tarrant, State of TEXAS, containing 149 gross acres, more	e or less (including any intere	ests therein which Lessor may hereafter acquire by
reversion, prescription or otherwise), for the purpose of exploring for, developing, producing	and marketing oil and gas,	along with all hydrocarbon and non hydrocarbon
substances produced in association therewith (including geophysical/seismic operations), commercial gases, as well as hydrocarbon gases. In addition to the above-described leased	t ne term "gas" as used no nromises this lease also co	arein includes neitum, carbon dioxide and other ivers accretions and any small strips of parcels of
land now or hereafter owned by Lessor which are contiguous or adjacent to the above-descr	ibed leased premises, and, in	consideration of the aforementioned cash bonus,
Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a	more complete or accurate d	escription of the land so covered. For the purpose
of determining the amount of any shut-in royallies hereunder, the number of gross acres above	e specified shall be deemed co	priect, whether actually more or less.
7. This leads which is a wait well-read and the second sec	ary term of FIVE	( 5)years from the date hereof, and for
<ol><li>This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a prim as long thereafter as oil or gas or other substances covered hereby are produced in paying qu</li></ol>		
otherwise maintained in effect pursuant to the provisions hereof.		
3. Royalties on oil, gas and other substances produced and saved hereunder shall be	paid by Lessee to Lessor as	follows: (a) For oil and other liquid hydrocarbons
separated at Lessee's separator facilities, the royalty shall be Twenty-five Rev Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, prov	ided that Lesses that have t	i production, to be delivered at Lessee's option to be continuing right to numbase such production at
the wellhead market price then prevailing in the same field (or if there is no such price ther	nged that Lessee shall have to prevailing in the same field.	then in the nearest field in which there is such a
prevailing price) for production of similar grade and gravity; (b) for gas (including casing	g head gas) and all other s	substances covered hereby, the royalty shall be
Twenty-five Percent (25 %) of the proceeds realized by Lesse	e from the sale thereof, les	s a proportionate part of ad valorem taxes and
production, severance, or other excise taxes and the costs incurred by Lessee in delivering, Lessee shall have the continuing right to purchase such production at the prevailing wellhead		
no such price then prevailing in the same field, then in the nearest field in which there is such	a prevailing price) pursuant	to comparable purchase contracts entered into on
the same or nearest preceding date as the date on which Lessee commences its purchases t	nereunder; and (c) if at the en-	d of the primary term or any time thereafter one or
more wells on the leased premises or lands pooled therewith are capable of either producing are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or produc	oil or gas or other substances	i covered hereby in paying quantities of such wells
be deemed to be producing in paying quantities for the purpose of maintaining this lease. If	for a period of 90 consecutive	e days such well or wells are shut-in or production
there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar	per acre then covered by this	lease, such payment to be made to Lessor or to
Lessor's credit in the depository designated below, on or before the end of said 90-day period	and thereafter on or before	each anniversary of the end of said 90-day period
while the well or wells are shut-in or production there from is not being sold by Lessee; provid is being sold by Lessee from another well or wells on the leased premises or lands pooled the	ed that it this lease is otherwis	se being maintained by operations, or it production half be due until the end of the 90-day period next
following cessation of such operations or production. Lessee's failure to properly pay shut-in	royalty shall render Lessee	liable for the amount due, but shall not operate to
terminate this lease.		
4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to	o Lessor's credit in <u>at lesso</u>	r's address above or its successors, which shall
be Lessor's depository agent for receiving payments regardless of changes in the ownership of draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails	ir said iarid. Air payments of te in a stamped envelope addre	essed to the depository or to the Lessor at the last
address known to Lessee shall constitute proper payment. If the depository should liquidate	or be succeeded by another it	nstitution, or for any reason fail or refuse to accept
payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable in	nstrument naming another ins	titution as depository agent to receive payments.
<ol><li>Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapal premises or lands pooled therewith, or if all production (whether or not in paying quantities</li></ol>	ole of producing in paying qua	intities (hereinalter called "Gry hole") on the leased
pursuant to the provisions of Paragraph 6 or the action of any governmental authority, th	en in the event this lease is	not otherwise being maintained in force it shall
nevertheless remain in force if Lessee commences operations for reworking an existing well	or for drilling an additional we	II or for otherwise obtaining or restoring production
on the leased premises or lands pooled therewith within 90 days after completion of operation		
the end of the primary term, or at any time thereafter, this lease is not otherwise being mai operations reasonably calculated to obtain or restore production therefrom, this lease shall rer		
no cessation of more than 90 consecutive days, and if any such operations result in the pro		
there is production in paying quantities from the leased premises or lands pooled therewith.	After completion of a well ca-	pable of producing in paying quantities hereunder,
Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a to (a) develop the leased premises as to formations then capable of producing in paying questions.		
leased premises from uncompensated drainage by any well or wells located on other lands n	ot pooled therewith. There sh	half be no covenant to drill exploratory wells or any
additional wells except as expressly provided herein.	p	
6. Lessee shall have the right but not the obligation to pool all or any part of the lease		
depths or zones, and as to any or all substances covered by this lease, either before or aff proper to do so in order to prudently develop or operate the leased premises, whether or not a		
unit formed by such pooling for an oil well which is not a horizontal completion shall not exce		
horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%;		
completion to conform to any well spacing or density pattern that may be prescribed or permi		
of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by a prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet p		
feet or more per barrel, based on 24-hour production test conducted under normal produc		
equipment; and the term "horizontal completion" means an oil well in which the horizontal		
equipment; and the term "horizontal completion" means an oil well in which the horizontal component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a		
Production, drilling or reworking operations anywhere on a unit which includes all or any p		
reworking operations on the leased premises, except that the production on which Lessor's n	oyalty is calculated shall be th	at proportion of the total unit production which the
net acreage covered by this lease and included in the unit bears to the total gross acreage		
Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereund unit formed hereunder by expansion or contraction or both, either before or after commence	er, and Lessee shall have the	<ul> <li>recurring right but not the obligation to revise any</li> <li>to conform to the well spacing or density pattern</li> </ul>
prescribed or permitted by the governmental authority having jurisdiction, or to conform to a	on productive acreage determ	nination made by such governmental authority. Ir
making such a revision, Lessee shall file of record a written declaration describing the revise	d unit and stating the effective	e date of revision. To the extent any portion of the
leased premises is included in or excluded from the unit by virtue of such revision, the propor	tion of unit production on whi	ch royalties are payable hereunder shall thereafter
be adjusted accordingly. In the absence of production in paying quantities from a unit, or upo a written declaration describing the unit and stating the date of termination. Pooling hereunder	n permanent cessation thereo	<ul> <li>t, Lessee may terminate the unit by filing of record coverage of interests</li> </ul>
rooms seeming the time and stating the tiate of termination. Fooling hereunder	and not consume a cross-co	Sirveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises

such part of the leased premises.

8. The interest of either Lesser or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the salisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointy or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter and failure of the transferred interest shall not affect the rights of separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferse to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for developing and marketing oil are and other substances covered hereby on the leased premises or lands pooled or unitized herewith in

If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or thransport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease, and (b) to any other lands in which Lessor now on thereafter has authority to grant such rights in the vicinity of the leased premises or tands pooled therewith. When requested by Lessor in writing, Lessee shall buy its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or such other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and

there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's litle, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

operations

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE) Jean ACKNOWLEDGMENT STATE OF INTY OF TON COUNT
This instrument was acknowledged before me on the COUNTY OF Mas day of\_ 2008. by: Tranco Carler and wife KISHA G. PACKER POLK Notary Public, State of Texas My Commission Expires Notary Public, State of olary's name (printed): Notary's commission expires: April 15, 2012 STATE OF COUNTY OF This instrument was acknowledged before me on the 2008



## DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

## SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

## <u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

\$20.00

Filed For Registration: 06/27/2008 09:17 AM
Instrument #: D208247965
LSE 3 PGS

D208247965

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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